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VIA HAND DELIVERY

October 21, 2005

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

OCT 21 2005

PUBLIC SERVICE
COMMISSION

Re: In the Matter of: Proposed Adjustment Of The Wholesale Water Service Rates
Of Hopkinsville Water Environment Authority, Case No. 2005-00174

Dear Ms. O'Donnell:

As requested by the Commission Staff's October 7, 2005 Second Information Request, enclosed herewith please find for filing with the Commission nine binders containing the original and eight (8) copies of the Responses Of Hopkinsville Water Environment Authority To The Commission Staff's October 7, 2005 Second Information Request and the Christian County Water District's October 7, 2005 Second Data Request in the above styled matter.

Please do not hesitate to contact the undersigned should you have any questions concerning this filing.

Sincerely,

Holland N. McTyeire, V

HNM/jh

Enclosures

cc: Gerald E. Wuetcher
Lennis F. Hale
Andrew C. Self
Carl W. Breeding

1036536_1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

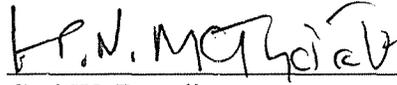
PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF HOPKINSVILLE
WATER ENVIRONMENT AUTHORITY

} CASE NO. 2005-00174

RESPONSE OF HOPKINSVILLE WATER ENVIRONMENT AUTHORITY
TO THE COMMISSION STAFF'S
OCTOBER 7, 2005 SECOND INFORMATION REQUEST

Hopkinsville Water Environment Authority ("HWEA"), through counsel, hereby submits its Response pursuant to 807 KAR 5:001 to the Second Information Request issued by the Commission Staff in this matter on October 7, 2005. HWEA's Responses are as follows:

Respectfully submitted,



Carl W. Breeding
Holland N. McTyeire, V

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and

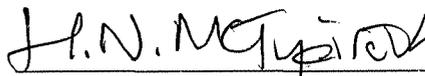
Andrew C. Self

DEATHERAGE, MYERS, SELF & LACKEY
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COUNSEL FOR HOPKINSVILLE WATER
ENVIRONMENT AUTHORITY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Response Of Hopkinsville Water Environment Authority To The Commission Staff's October 7, 2005 Second Information Request was served by United States mail, first class, postage prepaid, to John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601, counsel for Christian County Water District and James Owen, General Manager, Christian County Water District, 1960 Dawson Springs Road, P.O. Box 7, Hopkinsville, Kentucky 42241-0007 on this 21st day of October , 2005.



COUNSEL FOR HOPKINSVILLE WATER
ENVIRONMENT AUTHORITY

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Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Jennings Rowe McKinley II

INFORMATION REQUEST NO. 1.

Refer to June 2005 Black & Veatch Report on Revenue Requirements, Costs of Service and Rates for Water Service for the Hopkinsville Water Environment Authority Water Department (“Cost-of-Service Study”). Provide all schedules used in the Cost-of-Service Study on a computer diskette in Microsoft Excel 97 format.

RESPONSE:

A copy of the Excel File used in the *Report on Revenue Requirements, Costs of Service and Rates for Water Service* prepared for HWEA by Black & Veatch (the “B&V Report”) is on the CD attached hereto as Exhibit No. 1.

Item 1.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Lennis Franklin Hale

INFORMATION REQUEST NO. 2.

a. Provide a revised Cost-of-Service Study using the financial information for the fiscal year ending June 30, 2004 with adjustments for known and measurable changes. State all assumptions, show all calculations, and provide all workpapers used to prepare this revised Cost-of-Service Study.

RESPONSE:

It is impractical, if not impossible, for HWEA to have provided the information requested by Commission Second Information Request No. 2 within two weeks (or less as HWEA did not receive the Commission Second Information Request until October 11, 2005).

Moreover, as explained in more detail in HWEA's Response to Commission Second Information Request No. 7, HWEA does not believe it should be required to provide a substantive Response to Commission Second Data Request No. 2.

In addition, HWEA should not be required to provide a substantive Response to Commission Second Information Request No. 2 due to the extensive commitment of time and money that would be involved in doing so.

Finally, HWEA is not certain what is meant by "known and measurable changes" and would need assistance from the Commission Staff to understand the Commission's format for determining revenue requirements for the proposed historical test year.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Lennis Franklin Hale

INFORMATION REQUEST NO. 2.

b. Provide all schedules used in the revised Cost-of-Service Study on a computer diskette in Microsoft Excel 97 format.

RESPONSE:

Please see HWEA's Responses to Commission Second Information Request No. 2.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Lennis Franklin Hale

INFORMATION REQUEST NO. 3.

Refer to HWEA's 2004 Annual Financial Report. The financial statements shown in 2004 audit reflect the combined water and wastewater departments. Provide a balance sheet, an income statement, and a statement of retained earnings that include only the water department.

RESPONSE:

The information requested by Commission Second Information Request No. 3 is on Schedule 2, Page 26, and Schedule 5, Pages 30 and 31 in the HWEA FY 2004 Audit. Although several tables and schedules in the audit reflect the combined figures for HWEA, the audit also contains the figures for the water and wastewater systems separately. HWEA has prepared and attached the individual documents referred to in Commission Second Information Request No. 3, as Attachments 3-1, 3-2, and 3-3 attached hereto as Exhibit No. 3.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Lennis Franklin Hale

INFORMATION REQUEST NO. 4.

Refer to HWEA's Response to Commission Staff's First Information Request ("Staff's First Request"), Item 10. State when HWEA expects the FY2005 Audit to be completed.

RESPONSE:

The FY 2005 Audit will be presented to the HWEA Board of Commissioners on November 16, 2005 for acceptance and approval.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Jennings Rowe McKinley II

INFORMATION REQUEST NO. 5.

a. Refer to HWEA's Response to Staff's First Request, Item 10. When the audited financial information for the fiscal year ending June 30, 2005 is available, provide a revised Cost-of-Service Study using that fiscal year with adjustments for known and measurable changes. State all assumptions, show all calculations, and provide all workpapers used to prepare this revised Cost-of-Service Study.

RESPONSE:

A revised Cost of Service Study cannot be provided until the audited financial information for FY 2005 is available. Please see HWEA's Response to Commission Second Information Request Nos. 2 and 7.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Jennings Rowe McKinley II

INFORMATION REQUEST NO. 5.

b. Provide all schedules used in the revised Cost-of-Service Study on a computer diskette in Microsoft Excel 97 format.

RESPONSE:

Please see HWEA's Response to Commission Second Information Request No. 5.a.

Item 5. b.

Case No.: 2005-00174
Questions From: Public Service Commission – October 7, 2005
Response from: Hopkinsville Water Environment Authority
Sponsoring Witness: Lennis Franklin Hale

INFORMATION REQUEST NO. 6.

Refer to HWEA's Response to Staff's First Request, Item 2. Provide the requested financial statements when available. Include the statements for the water department only.

RESPONSE:

HWEA will submit the requested documents to the Commission on or about November 18, 2005.